

**COMPREHENSIVE PROGRAM INTEGRITY CONTRACT
S.L. 2014-100, Section 12H.22.**

**REPORT TO THE
JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON
HEALTH AND HUMAN SERVICES**



**State of North Carolina
Department of Health and Human Services
Division of Medical Assistance
December 31, 2015**

Overview

Section 12H.22. of Session Law 2014-100 directed the Division of Medical Assistance to solicit proposals for the provision of comprehensive Medicaid program integrity services to be provided through a single contract. Legislation of this requirement is included below for reference.

COMPREHENSIVE PROGRAM INTEGRITY CONTRACT

SECTION 12H.22.(a)

No later than June 30, 2015, the Department of Health and Human Services, Division of Medical Assistance, shall issue a request for proposals (RFP) for one contract for the following program integrity functions:

- (1) Postpayment reviews.*
- (2) Data analytics.*
- (3) Medical necessity reviews.*
- (4) Investigation.*
- (5) Recovery Audit Contracts.*
- (6) Prepayment review.*

SECTION 12H.22.(b)

The RFP required by this section shall request proposals that contain at least all the following information:

- (1) Pricing.*
- (2) Proposed date contract would begin.*
- (3) The bidder's relevant experience.*
- (4) The measurable outcomes that would be delivered.*
- (5) A description of the results achieved in other states.*

SECTION 12H.22.(c)

No later than December 31, 2015, the Department of Health and Human Services, Division of Medical Assistance, shall report to the Joint Legislative Oversight Committee on Health and Human Services detailing the results of the RFP required by this section.

SECTION 12H.22.(d)

The Department shall not enter into a contract as a result of the RFP required by this section until authorized by an act of the General Assembly.

SECTION 12H.22.(e)

This section shall not apply to program integrity functions performed by LME/MCOs.

Posting of Request for Proposal

The Division of Medical Assistance developed a Request for Proposal (RFP) and posted it on June 29th, 2015 with a deadline for proposals to be received by July 28th, 2015.

The RFP included requirements for vendors to provide detailed descriptions of proposed solutions to address scopes of work for each of the program integrity functions detailed in Section 12H.22.(a)(1-6).

Additionally, as required by Section 12H.22.(b)(1-5), DMA required vendors to provide information related to pricing, timelines, relevant experience, measurable outcomes and descriptions of the results that they had been able to achieve in other states.

Given the broad scope of work, the RFP was extensive. DMA subsequently received a significant number of requests for clarification about many of the requirements. As a result, DMA amended the RFP to include clarifications. Furthermore, the full text of Section 12H.22. was included in the “Purpose and Background” section of the RFP in order to provide clarity regarding the legislative intent for this procurement. The amended RFP was posted on August 20th, 2015 and extended the proposal deadline to September 15th, 2015.

Vendor Response and DMA Review

The Division of Medical Assistance received proposals and bids from two vendors to complete the scopes of work defined in the RFP. The responding were Public Consulting Group and Health Management Systems, Inc. A team of subject matter experts within the Division completed a technical review of the proposals. The team scored the proposals for meeting the technical requirements for each of the major areas of work as follows.

- Technical Approach to Prepayment Reviews
- Technical Approach to Recovery Audit Contracts
- Technical Approach to Postpayment Reviews
- Proposed Process to Collect Overpayments
- Proposed Approach to Investigations
- Proposed Data Analytics Solutions
- Proposed Implementation Plan
- Proposed Quality Assurance Plan
- Proposed Plan for Staffing

Both of the vendors demonstrated extensive relevant experience and provide detailed and viable proposals for carrying out the scope of work required by the RFP. The technical review reflected this in the scoring of each proposal; the scoring results were very close.

The vendor bids were also very close in terms of overall cost. Based upon the assumed level of work proposed in the RFP, the final annual costs proposed by the two vendors were as follows:

- | | |
|-----------------------------------|----------------|
| • Public Consulting Group | \$8,020,918.00 |
| • Health Management Systems, Inc. | \$8,051,503.75 |

Consultation with the General Assembly

Section 12H.22.(d)

The Department shall not enter into a contract as a result of the RFP required by this section until authorized by an act of the General Assembly.

As specified in Section 12H.22.(d), the Department has taken no further action with respect to moving forward with this procurement and will await additional guidance from the General Assembly prior to taking any next steps. The Department remains available to provide any additional clarification or information related to this proposal upon request by the General Assembly.